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April 14, 2025

## Consolidated Financial Results for the Six Months Ended February 28, 2025 (Under Japanese GAAP)

Company name: TRANSACTION CO., Ltd.  
 Listing: Tokyo Stock Exchange  
 Securities code: 7818  
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 Scheduled date to file semi-annual securities report: April 14, 2025  
 Scheduled date to commence dividend payments: —  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results briefing: Yes (for analysts, institutional investors, and the press)

(Yen amounts are rounded down to millions, unless otherwise noted.)

### 1. Consolidated financial results for the six months ended February 28, 2025 (from September 1, 2024 to February 28, 2025)

#### (1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
February 28, 2025	13,509	5.9	2,724	1.4	2,918	2.1	1,966	3.9
February 29, 2024	12,759	13.1	2,687	15.7	2,857	21.2	1,892	21.4

Note: Comprehensive income For the six months ended February 28, 2025: ¥1,988 million [3.2%]  
 For the six months ended February 29, 2024: ¥1,926 million [39.9%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
February 28, 2025	68.19	—
February 29, 2024	64.97	—

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
February 28, 2025	22,740	19,012	83.6
August 31, 2024	22,320	18,148	81.3

Reference: Equity  
 As of February 28, 2025: ¥19,012 million  
 As of August 31, 2024: ¥18,148 million

## 2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended August 31, 2024	—	0.00	—	39.00	39.00
Fiscal year ending August 31, 2025	—	0.00			
Fiscal year ending August 31, 2025 (Forecast)			—	55.00	55.00

Note: Revisions to the forecasts of cash dividends most recently announced: Yes  
Please refer to the “Notice Concerning Change in Dividend Policy and Revision of Year-End Dividend Forecast (Dividend Increase)” released today (April 14, 2025) for the revision of the dividend forecast.

## 3. Consolidated earnings forecasts for the fiscal year ending August 31, 2025 (from September 1, 2024 to August 31, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending August 31, 2025	27,900	11.4	5,850	11.8	5,959	5.9	3,915	4.0	135.75

Note: Revisions to the consolidated earnings forecasts most recently announced: None

**\* Notes**

- (1) Significant changes in the scope of consolidation during the period: None
- (2) Application of special accounting treatments for the preparation of semi-annual consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
  - (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
  - (ii) Changes in accounting policies due to other reasons: None
  - (iii) Changes in accounting estimates: None
  - (iv) Restatement: None
- (Note) For details, please refer to “2. Semi-annual Consolidated Financial Statements and Major Notes (4) Notes to Semi-annual Consolidated Financial Statements (Notes on changes in accounting policies)” on page 13 of the Attachments.

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of February 28, 2025	29,375,400 shares
As of August 31, 2024	29,375,400 shares

(ii) Number of treasury shares at the end of the period

As of February 28, 2025	536,056 shares
As of August 31, 2024	536,056 shares

(iii) Average number of shares outstanding during the period

Six months ended February 28, 2025	28,839,344 shares
Six months ended February 29, 2024	29,128,535 shares

\* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

\* Proper use of earnings forecasts, and other special matters

1. The financial forecast and other forward-looking statements in this material are based on information currently available to the Company and certain preconditions considered to be reasonable. Actual performance, etc. may vary depending on various factors. For the preconditions on which the earnings forecast is based and notes, etc. for using the earnings forecast, please refer to “(4) Explanation of consolidated earnings forecasts and other forward-looking statements” in “1. Qualitative Information on Semi-annual Financial Results” on page 7 of the Semi-annual Financial Results (attached file).
2. The Company plans to hold an online financial results presentation for institutional investors and securities analysts on April 18, 2025. The financial results presentation materials to be used at the meeting will be posted on the Company’s website on the day of the meeting.
3. Supplementary materials for financial results are disclosed on TDnet on the same day and posted on the Company’s website.

## **[Attached Material]**

### **Index**

1. Qualitative Information on Semi-annual Financial Results .....	2
(1) Explanation of operating results .....	2
(2) Explanation of financial position .....	6
(3) Analysis of cash flows .....	6
(4) Explanation of consolidated earnings forecasts and other forward-looking statements .....	7
2. Semi-annual Consolidated Financial Statements and Major Notes .....	8
(1) Semi-annual Consolidated Balance Sheet .....	8
(2) Semi-annual Consolidated Statement of Income and Consolidated Statement of Comprehensive Income .....	10
Semi-annual Consolidated Statement of Income (Cumulative) .....	10
Semi-annual Consolidated Statement of Comprehensive Income (Cumulative) .....	11
(3) Semi-annual Consolidated Statement of Cash Flows .....	12
(4) Notes to Semi-annual Consolidated Financial Statements .....	13
Notes on changes in accounting policies .....	13
Notes regarding assumption of a going concern .....	13
Notes on significant changes in the amount of shareholders' equity .....	13
Notes to semi-annual consolidated balance sheet .....	13
Segment information .....	13
Subsequent events .....	13

# 1. Qualitative Information on Semi-annual Financial Results

## (1) Explanation of operating results

During the first six months of the consolidated financial period ended February 28, 2025, the Japanese economy continued to recover due to improvements in the employment and income environment and stronger inbound demand, among other factors. However, the outlook remained uncertain due to factors such as the impact of future policy trends and monetary policy in the US, in addition to the prolonged Russia–Ukraine crisis, the escalation of conflicts in the Middle East, sharp fluctuations in exchange rates, and higher prices.

In this environment and during the fiscal year ending August 31, 2025, which is the final year of the 4th medium-term management plan, the TRANSACTION Group (the “Group”) has been working to achieve the goals of the plan by promoting its five key strategies of “strengthened e-commerce,” “finished goods demand arising from the promotion of SDGs,” “tangible goods consumption derived from intangible goods consumption,” “demand generated by inbound and outbound finished goods demand,” and “strengthened domestic in-house manufacturing.” While promoting such key strategies and ensuring that changes in the social environment and consumption trends were identified in a timely and appropriate manner, the Group worked on the introduction of new products, the development of client entities, and the strengthening of relationships.

### ■ E-commerce business

In accordance with the key strategy of “strengthened e-commerce,” we continued our initiatives, including hybrid marketing activities, with the target of having those sales account for at least 30% of consolidated net sales in the fiscal year ending August 31, 2025. In the main B2B site “MARKLESS STYLE,” sales grew significantly compared to the same period of the previous year as a result of efforts to expand sales of the Group’s products on client entities’ e-commerce sites, including the addition of four sites linked to “MARKLESS Connect” during the current six-month consolidated financial period and a reinforcement of marketing support, in addition to a focus on shifting transactions made via “MARKLESS STYLE.” In the main D2C\* site “HANSOKU-STYLE,” we expanded the content and services provided on the site and updated the system to improve convenience for existing and new customers, and as a result, sales increased compared to the same period of the previous year. In addition, we worked to expand our customer base and increase sales at “Original Goods Press,” a site specializing in goods for sale and OEM products catering to the entertainment and “Oshikatsu” (various activities to support favorite idols, actors, anime characters, etc.) market, and “ORIGINAL GOODS.com,” which produces goods for sale and commemorative items for companies and shops, by utilizing content marketing and inside sales.

As a result, the shift in sales from “targeting wholesalers” by sales channel to “e-commerce” contributed to an increase in e-commerce sales of 975 million yen, or 35.7% year on year. However, due to the impact of the core algorithm update implemented by Google in December 2024\*\*, which caused a significant fluctuation in the search rankings of the D2C sites operated by the Group, the growth in sales of e-commerce sites in the second quarter of the current consolidated financial period slowed compared to the same period of the previous year. As a result, the sales composition ratio from e-commerce in the current six-month consolidated financial period only increased by 6.1 percentage points year on year to 27.5%. As of the date of submission of this report, the effects of the measures are beginning to be seen and search rankings are recovering.

\* An abbreviation for “Direct to Consumer,” a business model in which a manufacturer plans and manufactures its own commodities and sells them directly to end customers without intermediaries such as wholesalers and stores.

\*\* Google regularly reviews its search algorithm and makes large-scale changes to its search results.

### Eco-products

Under the key strategy of “finished goods demand arising from the promotion of SDGs,” we have continued to develop reusable products made from organic cotton, recycled materials, biomass plastics,

natural materials, recycled PET and recycled ABS and other materials, as well as upcycled finished goods that have been transformed into more valuable products by adding values such as originality and design to waste resources, endeavoring to expand our environmentally friendly product categories. We have also developed a new eco-bag made from Ocean Bound Plastic\*, and are using the opportunity of exhibits at trade shows to boost sales. These products contribute to the reduction and control of CO<sub>2</sub> emissions by focusing on materials, and have been highly evaluated and supported by client entities that are aware of their efforts to achieve the SDGs. As a result, in the “MARKLESS STYLE” range, sales of mainstay products such as eco bags, bottles, and tumblers continued to be strong, and sales of stationery products made from recycled PET and recycled ABS, which are distributed at exhibitions and other events, grew significantly compared to the previous year. In addition, “MOTTERU,” which is being developed for the retail market, was selected as a product for the “Let’s choose! 3R Campaign 2024” sponsored by the Ministry of the Environment, and also won the 2024 Good Design Award.

As a result, sales of Eco-products increased by 333 million yen, or 6.3% year on year.

\* Plastic waste disposed of inland within about 50 kilometers of the coast

### Lifestyle products

Under the key strategies of “tangible goods consumption derived from intangible goods consumption” and “demand generated by inbound and outbound finished goods demand,” we worked to improve quality while also developing products that capture consumer trends, such as the diversifying and expanding “Oshikatsu” consumption and other consumption derived from trends. Sales to the entertainment industry, which drives sales of Lifestyle products, continued to be strong. In the game and animation industry, Japanese animation is popular overseas, and we expect demand to continue to grow in line with the increase in inbound tourism. In addition, demand for items in product sales increased due to sales through e-commerce and at event venues for in-person events in the 2.5D, sporting events, and music industries. In order to meet the demand for a wider variety of high-quality merchandise in the entertainment and “Oshikatsu” areas, we continued to introduce new categories of products and introduced new equipment at our domestic factories to provide products with vivid full-color printing. In sales promotion, we reinforced our hybrid-type marketing activities for industries and companies that are performing well.

However, in the previous fiscal period, sales in the second quarter increased compared to a normal quarter due to the impact of a repeat project for the entertainment industry that had been scheduled for the third quarter being brought forward to the second quarter. On the other hand, in the current fiscal period, sales in the second quarter were weak as a result of some projects for the entertainment industry that had been scheduled for the second quarter being delayed to the third quarter or later.

In travel-related finished goods, sales increased, driven by sales of collaborative products featuring characters that are popular with inbound tourists. By leveraging these popular finished goods and rolling them out alongside other finished goods, we worked to expand sales channels and create an environment that catches the attention of foreign visitors to Japan. In addition, we prepared for the opening of “gowell select,” gowell’s first travel goods specialty shop, in the international departure area of Kansai International Airport on March 18. In the area of pet wear and related finished goods, we have been selling dog wear as well as dog equipment and beds that can be sold year-round, but we have also been working on the development of cat goods and other products, as well as the development of new products with popular fashion brands and the expansion of sales channels.

As a result, sales of Lifestyle products increased by 160 million yen, or 2.4% year on year.

### Wellness products

In addition to a certain amount of sales of sanitary products such as masks, sales of humidifiers and cosmetic accessories also contributed to a 213 million yen, or 33.8%, year-on-year increase in sales.

On the production side, the Company worked to secure multiple production bases so that it can flexibly switch between production sites in response to fluctuations in the exchange rate and raw material

prices, and optimize distribution channels in order to ensure a stable and continuous supply and strengthen price competitiveness amid a persistently challenging external environment. In addition, we increased the frequency of factory visits to overseas suppliers, promoted CSR procurement, and worked to improve product quality.

At our own domestic factories, we worked to improve productivity with efficient operations, including at the first factory. These measures included securing personnel and introducing a process management system in preparation for the full-scale operation of the second factory, which was completed in June 2024. In addition, we worked to install and increase operating rates for state-of-the-art printing machinery aligned with needs for entertainment and “Oshikatsu” demand.

As a result, sales and each level of profit, including operating profit, for the current six-month consolidated financial period exceeded those recorded for the same period of the previous year, reaching record highs. Net sales increased to 13,509 million yen (up by 750 million yen, or 5.9% year on year), and operating profit increased to 2,724 million yen (up by 37 million yen, or 1.4% year on year) due to an increase in gross profit resulting from the growth in sales and the well-planned expenditure of selling, general and administrative expenses. Ordinary profit increased to 2,918 million yen (up by 60 million yen, or 2.1% year on year) due to the recording of foreign exchange gains from the partial redemption of US dollar-denominated bonds held as a financial measure to reduce the impact of exchange rate fluctuations. Profit attributable to owners of parent increased to 1,966 million yen (up by 74 million yen, or 3.9% year on year).

The differences between the forecasts for the first half of the fiscal year ending August 31 2025, announced on October 15, 2024, and actual results and the reasons for these differences are as follows.

(1) Differences between earnings forecasts and actual results

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
Previously released forecast (A)	Millions of yen 13,845	Millions of yen 2,915	Millions of yen 2,969	Millions of yen 1,944	Yen 67.43
Actual result (B)	13,509	2,724	2,918	1,966	68.19
Difference (B-A)	(336)	(190)	(50)	21	
Rate of difference	(2.4%)	(6.5%)	(1.7%)	1.1%	
(Reference) Results in previous financial period (Q2 of fiscal year ended August 31, 2024)	12,759	2,687	2,857	1,892	64.97

(2) Reason for differences

There were two main factors behind the difference between the previous forecasts and actual results. First, sales of Lifestyle products were weaker than initially planned due to the postponement of sales for projects for the entertainment industry, which had been initially scheduled for the second quarter, to the third quarter and beyond. Second, Google’s core algorithm update in December 2024 caused a significant fluctuation in the search rankings of D2C sites operated by the Group, resulting in a slower pace of gains in sales of e-commerce sites in the second quarter of the current consolidated financial period. We expect to post sales of these projects from the third quarter onwards, and we are also exhibiting at the “Oshikatsu Goods EXPO Spring” to attract new customers, so we expect to see sales growth in the future. In addition, as of the date of submission of this report, we are beginning to see the effects of our response to the impact of the core algorithm update, and search rankings are recovering.

In the category of selling, general and administrative expenses, personnel expenses were incurred due to improved employee treatment and the expansion of personnel in preparation for the next medium-term management plan, rent expenses on land and buildings and depreciation increased compared to the same period of the previous year due to environmental improvements such as expansion in office floor space, and there were also one-off expenses incurred due to environmental improvements. We also enhanced our public relations and advertising activities, such as providing stakeholders with more information to improve corporate value and exhibiting at trade shows to help generate future sales. As a result, overall SG&A expenses increased compared to the same period of the previous year, but they were under control compared to the plan for the current period.

The previous forecast and the actual results for operating profit differed because the difference in sales could not be absorbed by controlling selling, general and administrative expenses.

Ordinary profit was 50 million yen lower than the previous forecast but the difference was minimized thanks to foreign exchange gains from the partial redemption of US dollar-denominated bonds held as a financial measure to reduce the impact of exchange rate fluctuations.

Profit attributable to owners of parent exceeded the previous earnings forecast by 21 million yen due to the contribution of extraordinary income.

Actual sales by sales channel and product classification for the six months ended February 28, 2025 were as follows.

<Actual sales by sales channel>

(Millions of yen)

Sales channel	Net sales		Change	
	Six months ended February 29, 2024	Six months ended February 28, 2025	Change (Amount)	Change (%)
Targeting end-user companies	6,184	6,283	98	1.6
Targeting wholesalers	3,841	3,517	(323)	(8.4)
E-commerce	2,733	3,708	975	35.7
Total	12,759	13,509	750	5.9

<Actual sales by product classification>

(Millions of yen)

Product classification	Net sales		Change	
	Six months ended February 29, 2024	Six months ended February 28, 2025	Change (Amount)	Change (%)
Eco-products	5,268	5,602	333	6.3
Lifestyle products	6,700	6,861	160	2.4
Wellness products	631	844	213	33.8
Design and other	157	200	42	27.0
Total	12,759	13,509	750	5.9

Note: Design and other refers to those not falling under miscellaneous goods, including commissioned graphic, products and WEB design operations, as well as printing operations.



## **(2) Explanation of financial position**

Status of assets, liabilities, and net assets

### Current assets

Current assets at the end of the first half of the current consolidated financial period amounted to 14,948 million yen, an increase of 147 million yen compared to the end of the previous consolidated fiscal year. This was due mainly to an increase in cash and deposits by 509 million yen and a decrease in notes and accounts receivable - trade, and contract assets by 276 million yen.

### Non-current assets

Non-current assets at the end of the first half of the current consolidated financial period amounted to 7,791 million yen, an increase of 271 million yen compared to the end of the previous consolidated fiscal year. This was due mainly to an increase in investments and other assets by 228 million yen.

### Current liabilities

Current liabilities at the end of the first half of the current consolidated financial period amounted to 3,034 million yen, a decrease of 299 million yen compared to the end of the previous consolidated fiscal year. This was due mainly to a decrease in other by 280 million yen and a decrease in income taxes payable by 53 million yen.

### Non-current liabilities

Non-current liabilities at the end of the first half of the current consolidated financial period amounted to 693 million yen, a decrease of 144 million yen compared to the end of the previous consolidated fiscal year. This was due mainly to a decrease in long-term borrowings by 148 million yen.

### Net assets

Net assets at the end of the first half of the current consolidated financial period amounted to 19,012 million yen, an increase of 863 million yen compared to the end of the previous consolidated fiscal year. This was due mainly to an increase in retained earnings by 841 million yen.

## **(3) Analysis of cash flows**

Cash and cash equivalents at the end of the first half of the current consolidated financial period amounted to 6,328 million yen, an increase of 481 million yen compared to the end of the previous fiscal year.

### Cash flows from operating activities

Net cash provided by operating activities for the six months ended February 28, 2025 amounted to 1,986 million yen (compared with 809 million yen provided by operating activities in the same period of the previous fiscal year). This was due mainly to an increase in cash due to profit before income taxes of 2,990 million yen, and a decrease in cash due to income taxes paid of 1,041 million yen.

### Cash flows from investing activities

Net cash used in investing activities for the six months ended February 28, 2025 amounted to 231 million yen (compared with 907 million yen used in investing activities in the same period of the previous fiscal year). This was due mainly to a decrease in cash due to purchase of investment securities of 210 million yen.

#### Cash flows from financing activities

Net cash used in financing activities for the six months ended February 28, 2025 amounted to 1,292 million yen (compared with 834 million yen used in financing activities in the same period of the previous fiscal year). This was due mainly to decreases in cash due to dividends paid of 1,124 million yen and repayments of long-term borrowings of 167 million yen.

#### **(4) Explanation of consolidated earnings forecasts and other forward-looking statements**

There are no changes to the full-year earnings forecast for the fiscal year ending August 31, 2025 from the figures announced on October 15, 2024. Regarding the year-end dividend for the fiscal year ending August 31, 2025, as announced in the “Notice Concerning Revisions to the Dividend Policy and the Year-End Dividend Forecast (Dividend Increase),” released today, the year-end dividend for the fiscal year ending August 31, 2025 has been revised upward by 14 yen from the previous forecast of 41 yen, which would have marked the 14th consecutive year of dividend increases since the company’s listing, to 55 yen. This was based on the revised dividend policy that targets a dividend payout ratio of 40%.

The earnings forecasts are based on information available as of the date of disclosure of this report. Going forward, actual performance may vary from forecast figures depending on various factors.

## 2. Semi-annual Consolidated Financial Statements and Major Notes

### (1) Semi-annual Consolidated Balance Sheet

(Thousands of yen)

	As of August 31, 2024	As of February 28, 2025
<b>Assets</b>		
Current assets		
Cash and deposits	5,818,864	6,328,624
Notes and accounts receivable - trade, and contract assets	3,130,367	2,853,833
Securities	171,143	22
Finished goods	5,049,611	4,893,441
Other	631,410	872,933
Allowance for doubtful accounts	(116)	(118)
Total current assets	14,801,280	14,948,738
Non-current assets		
Property, plant and equipment	1,775,570	1,809,435
Intangible assets		
Other	200,648	210,669
Total intangible assets	200,648	210,669
Investments and other assets		
Investment securities	4,150,574	4,381,536
Other	1,392,577	1,389,727
Total investments and other assets	5,543,152	5,771,263
Total non-current assets	7,519,370	7,791,367
Total assets	22,320,651	22,740,106

(Thousands of yen)

	As of August 31, 2024	As of February 28, 2025
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	956,043	1,016,228
Current portion of long-term borrowings	333,532	314,524
Income taxes payable	1,032,588	979,437
Provision for bonuses	209,726	203,240
Provision for shareholder benefit program	6,951	5,444
Other	795,385	515,356
Total current liabilities	3,334,225	3,034,231
Non-current liabilities		
Long-term borrowings	434,606	285,848
Retirement benefit liability	317,509	318,791
Asset retirement obligations	37,229	37,295
Other	48,507	51,680
Total non-current liabilities	837,852	693,616
Total liabilities	4,172,078	3,727,847
<b>Net assets</b>		
Shareholders' equity		
Share capital	93,222	93,222
Capital surplus	3,305,428	3,305,428
Retained earnings	14,889,019	15,730,921
Treasury shares	(703,497)	(703,497)
Total shareholders' equity	17,584,173	18,426,075
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	373,082	339,808
Deferred gains or losses on hedges	(26,637)	66,721
Foreign currency translation adjustment	185,320	151,183
Remeasurements of defined benefit plans	32,634	28,469
Total accumulated other comprehensive income	564,399	586,183
Total net assets	18,148,572	19,012,258
Total liabilities and net assets	22,320,651	22,740,106

**(2) Semi-annual Consolidated Statement of Income and Consolidated Statement of Comprehensive Income**

**Semi-annual Consolidated Statement of Income (Cumulative)**

(Thousands of yen)

	Six months ended February 29, 2024	Six months ended February 28, 2025
Net sales	12,759,034	13,509,222
Cost of sales	7,828,321	8,280,376
Gross profit	4,930,712	5,228,845
Selling, general and administrative expenses		
Salaries and allowances	679,139	740,911
Provision for bonuses	155,580	167,683
Retirement benefit expenses	14,175	16,292
Provision of allowance for doubtful accounts	(54)	1
Provision for shareholder benefit program	7,450	5,444
Other	1,387,223	1,573,823
Total selling, general and administrative expenses	2,243,515	2,504,156
Operating profit	2,687,197	2,724,689
Non-operating income		
Interest income	1,593	3,297
Interest on securities	76,335	96,414
Dividend income	–	2,400
Foreign exchange gains	92,220	92,513
Other	1,824	922
Total non-operating income	171,972	195,548
Non-operating expenses		
Interest expenses	1,409	1,265
Other	5	261
Total non-operating expenses	1,414	1,526
Ordinary profit	2,857,755	2,918,710
Extraordinary income		
Gain on receipt of donated non-current assets	–	26,997
Gain on sale of investment securities	–	45,391
Total extraordinary income	–	72,388
Extraordinary losses		
Loss on retirement of non-current assets	18	354
Total extraordinary losses	18	354
Profit before income taxes	2,857,737	2,990,744
Income taxes - current	931,992	988,554
Income taxes - deferred	33,398	35,553
Total income taxes	965,391	1,024,107
Profit	1,892,346	1,966,636
Profit attributable to owners of parent	1,892,346	1,966,636

# Semi-annual Consolidated Statement of Comprehensive Income (Cumulative)

(Thousands of yen)

	Six months ended February 29, 2024	Six months ended February 28, 2025
Profit	1,892,346	1,966,636
Other comprehensive income		
Valuation difference on available-for-sale securities	63,343	(33,273)
Deferred gains or losses on hedges	(47,267)	93,358
Foreign currency translation adjustment	22,888	(34,136)
Remeasurements of defined benefit plans, net of tax	(4,913)	(4,164)
Total other comprehensive income	34,050	21,783
Comprehensive income	1,926,396	1,988,420
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,926,396	1,988,420
Comprehensive income attributable to non-controlling interests	—	—

### (3) Semi-annual Consolidated Statement of Cash Flows

(Thousands of yen)

	Six months ended February 29, 2024	Six months ended February 28, 2025
Cash flows from operating activities		
Profit before income taxes	2,857,737	2,990,744
Depreciation	76,920	108,996
Increase (decrease) in allowance for doubtful accounts	(378)	1
Increase (decrease) in provision for bonuses	(33,560)	(6,892)
Increase (decrease) in retirement benefit liability	1,378	(2,881)
Increase (decrease) in provision for shareholder benefit program	113	(1,506)
Foreign exchange losses (gains)	(113,524)	(105,467)
Interest and dividend income	(77,928)	(102,111)
Interest expenses	1,409	1,265
Loss (gain) on sale of investment securities	–	(45,391)
Loss (gain) on sale and retirement of non-current assets	18	354
Gain on receipt of donated non-current assets	–	(26,997)
Decrease (increase) in accounts receivable - trade, and contract assets	(448,851)	277,801
Decrease (increase) in inventories	(233,777)	115,268
Increase (decrease) in trade payables	(19,990)	59,565
Decrease (increase) in advance payments to suppliers	(38,044)	(58,604)
Other, net	(182,776)	(236,823)
Subtotal	1,788,745	2,967,320
Interest and dividends received	48,073	61,983
Interest paid	(1,590)	(1,422)
Income taxes refund	99,287	–
Income taxes paid	(1,124,800)	(1,041,748)
Net cash provided by (used in) operating activities	809,715	1,986,133
Cash flows from investing activities		
Purchase of property, plant and equipment	(201,921)	(70,563)
Purchase of intangible assets	(55,144)	(33,686)
Purchase of investment securities	(949,478)	(210,380)
Proceeds from sale and redemption of short-term and long-term investment securities	348,667	152,020
Payments of leasehold and guarantee deposits	(590)	(19,816)
Proceeds from refund of leasehold and guarantee deposits	360	–
Purchase of insurance funds	(48,999)	(48,999)
Net cash provided by (used in) investing activities	(907,107)	(231,425)
Cash flows from financing activities		
Proceeds from long-term borrowings	400,000	–
Repayments of long-term borrowings	(215,247)	(167,766)
Dividends paid	(1,019,235)	(1,124,812)
Net cash provided by (used in) financing activities	(834,482)	(1,292,578)
Effect of exchange rate change on cash and cash equivalents	14,127	19,738
Net increase (decrease) in cash and cash equivalents	(917,746)	481,867
Cash and cash equivalents at beginning of period	6,060,372	5,846,780
Cash and cash equivalents at end of period	5,142,625	6,328,647

#### (4) Notes to Semi-annual Consolidated Financial Statements

##### Notes on changes in accounting policies

*Application of the “Accounting Standard for Current Income Taxes,” Etc.*

The Company has applied the “Accounting Standard for Current Income Taxes” (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; the “Revised Accounting Standard of 2022”), etc. from the beginning of the current six-month consolidated financial period.

Revisions to categories for recording current income taxes (taxation on other comprehensive income) conform to the transitional treatment in the proviso of paragraph 20-3 of the Revised Accounting Standard of 2022 and to the transitional treatment in the proviso of paragraph 65-2(2) of the “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022). This change in accounting policies has no impact on the semi-annual consolidated financial statements.

##### Notes regarding assumption of a going concern

None.

##### Notes on significant changes in the amount of shareholders’ equity

None.

##### Notes to semi-annual consolidated balance sheet

###### Overdraft contracts

The Company has entered into overdraft contracts with its four major banks to finance working capital efficiently.

The unused lines of credit, etc. at the end of the current six-month consolidated financial period are as follows.

	(Thousands of yen)	
	As of August 31, 2024	As of February 28, 2025
Credit line of overdrafts	1,300,000	1,300,000
Borrowing balance of those contracts	—	—
Difference	1,300,000	1,300,000

##### Segment information

[Segment information]

Six months ended February 29, 2024

Information is omitted as the business of the Company and its consolidated subsidiaries is comprised of a single reportable segment engaged in the miscellaneous goods business and its accompanying operations.

Six months ended February 28, 2025

Information is omitted as the business of the Company and its consolidated subsidiaries is comprised of a single reportable segment engaged in the miscellaneous goods business and its accompanying operations.

##### Subsequent events

None.